

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01

SWF-02 IO-14 OIC-04 DRC-01 /189 W

----- 112545

R 182240Z APR 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 6820

INFO AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY BOGOTA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMCONGEN GUAYAQUIL

C O N F I D E N T I A L SAN JOSE 1515

E.O. 11652: GDS

TAGS: ETRD, CS, HO, NV

SUBJECT: BANANA EXPORT TAX

REF: STATE 57517

1. PRINCIPAL U.S. CONCERNS ABOUT BANANA EXPORT TAX WERE
CONVEYED BY CHARGE TO FOREIGN MINISTER FACIO ON MARCH 29,
DRAWING ON STATE 57517. FACIO UNDERSTOOD ULD APPEARED TO
SHARE OUR CONCERNS. HE VOLUNTEERED THAT HE HAD HAD

ARGUMENT WITH PRESIDENT FIGUERES ON GENERAL SUBJECT OF
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BANANA EXPORT TAX SHORTLY AFTER HIS (FACIO'S) RECENT

RETURN FROM SOUTH AMERICAN TRIP. ACCORDING TO FACIO, PRESIDENT CAN THINK ONLY OF "PRICES", WHEREAS FACIO RECOGNIZED LARGE ECONOMIC AND FOREIGN POLICY CONSIDERATIONS INVOLVED.

2. THEN WAS THEN, AND THERE IS NOW, NO INDICATION

THAT FACIO'S STRICTURES HAD ANY EFFECT WHATSOEVER ON PRESIDENT. PRESS REPORTS OF FACIO'S SUPPORT FOR BANANA TAX ON CURRENT U.S. VISIT SUPPORT OUR CLEAR UNDERSTANDING THAT TAX REMAINS SETTLED POLICY OF THIS ADMINISTRATION TO WHICH FIGUERES IS EMOTIONALLY COMMITTED. HE MAY YET HAVE TO BEND ON THE TAX IF MARKET CONDITIONS ARE CLEARLY UNRECEPTIVE, OR IF OTHER BANANA PRODUCERS DO NOT GO ALONG, BUT IN PRESENT ATMOSPHERE EMBASSY HAS NO DOUBT THAT FURTHER DEMARCHES AT BILATERAL LEVEL IN SAN JOSE WOULD BE REVIEWED BY FIGUERES ADMINISTRATION AS "U.S. PRESSURE TACTICS." THIS MAY BE ESPECIALLY TRUE IN LIGHT OF REPORTED THREATS BY ILA (STATE 78729).

3. ON OTHER HAND, AMBASSADOR EBERLE'S TRIP OFFERS EXCELLENT OPPORTUNITY FOR USG TO REAFFIRM US VIEWS IN BROADER CONTEXT OF MANY MUTAL INTERESTS. MOREOVER, IF AS WE HOPE AND EXPECT SENIOR GOCR REPRESENTATIVE AT THAT MEETING IS MINISTER OF ECONOMY-DESIGNATE SANCHEZ, AMBASSADOR EBERLE WILL BE SPEAKING TO A KEY OFFICIAL OF NEW ODUBER ADMINISTRATION WHICH MAY BE MORE RECEPTIVE TO SUCH BROADER CONSIDERATIONS.

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